Labour Market Notes

A tough start to 2016

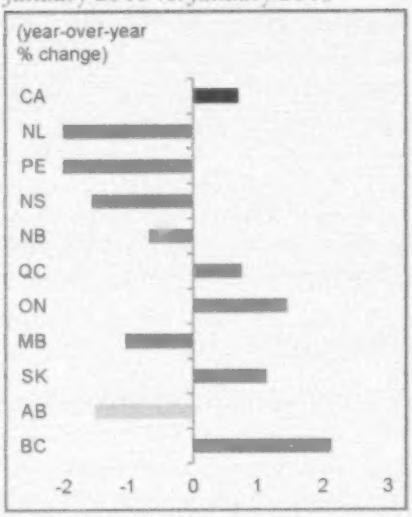
Alberta

- Employment falls for fourth straight month. Alberta employment declined by 10,000 in January, adding to the 25,200 loss in the previous 3 months.
- Private sector declines mount. Employment was pulled down in January by a 25,900 loss in the private sector, the largest monthly decline on record. Gains in the public sector (+8,400) and self-employment (+7,400) partially offset the losses. Full-time employment fell by 21,900, the second straight month of losses over 20,000. Part-time employment (+11,900) increased.
- Goods sector takes another hit. January employment losses were concentrated in the goods sector (-15,500), while the service sector gained 5,500 jobs. The largest industry losses were in manufacturing (-11,800), agriculture (-7,800), and professicnal and technical services (-4,500). Year-over-year (y/y), the goods sector lost 57,400 jobs, while the services sector gained 22,400.
- Unemployment rate spikes. Alberta's unemployment rate increased 0.4 percentage points to 7.4%, the highest rate in 20 years. The unemployment rate exceeded the national rate for the first time since December 1988. There are now 69,200 more unemployed people than last January.
- Declines in employment deepens. Employment fell by 1.5% y/y in January, the largest decline in six years. This equates to 35,000 fewer jobs than January 2015.
- Earnings continue to decline. Average weekly earnings fell 0.5% to $1,130 in November, a decline 2.4% y/y. Goods sector earnings continued to lose ground, down 1.1% from October and 3.9% year-over-year. Service sector earnings were up 0.4% y/y, after falling negative last month. Over the first 11 months of 2015, Alberta earnings were down 0.2% over the same period the year prior.

Canada

- Canada loses jobs. Employment fell by 5,700 in January. Ontario (+19,800) and British Columbia (+1,200) were the only provinces to post gains. Compared with January 2014, Canadian employment was up by 125,500, a 0.7% gain.
- Unemployment rate ticks up. The Canadian unemployment rate was up 0.1 percentage points to 7.2% in January.
- Canadian earnings slow in November. Canadian average weekly earnings declined 0.3% from the previous month to $951, but was up 1.4% y/y. Growth slowed considerably from over 3.0% in January 2015. Alberta and Saskatchewan were the only provinces to see earnings decline year-over-year. Over the first 11 months of 2015, Canadian earnings were up 1.8% over the same period.

Employment Growth by Province, January 2016 vs. January 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,376,100
month-over-month change	10,000
year-over-year % change	-1.5%
Alberta Unemployment Rate (UR)	7.4%
Edmonton UR**	6.5%
Calgary UR**	7.7%
Participation Rate	72.7%
Average Weekly Earnings (AWE)	$1,130.12
year-over-year % change	-2.4%
Average Hourly Wage	$29.34
year-over-year % change	3.3%
Job Vacancy Rate***	1.8%

Source: Statistics Canada

* All data is from the January 2016 Labour Force Survey, except AWE which is the November 2015 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for October 2015.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

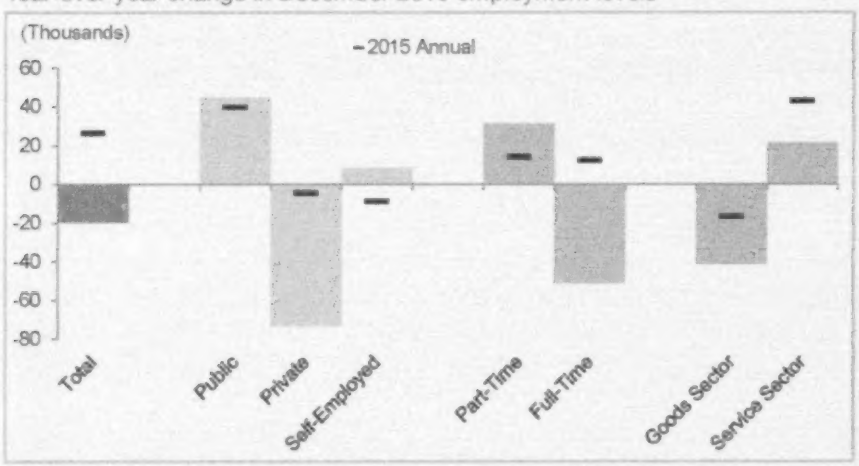
The 2015 Labour Market: A market in transition

Alberta employment grew by a surprising 1.2% in 2015, given the low oil prices and an average unemployment rate of 6.0%. The annual data, however, masks a year marred by deteriorating conditions. At the beginning of 2015, the market was propped up by momentum from 2014 which dissipated as the year progressed. This month's Labour InSight looks back at the Alberta labour market in 2015.

Weakness beneath the surface

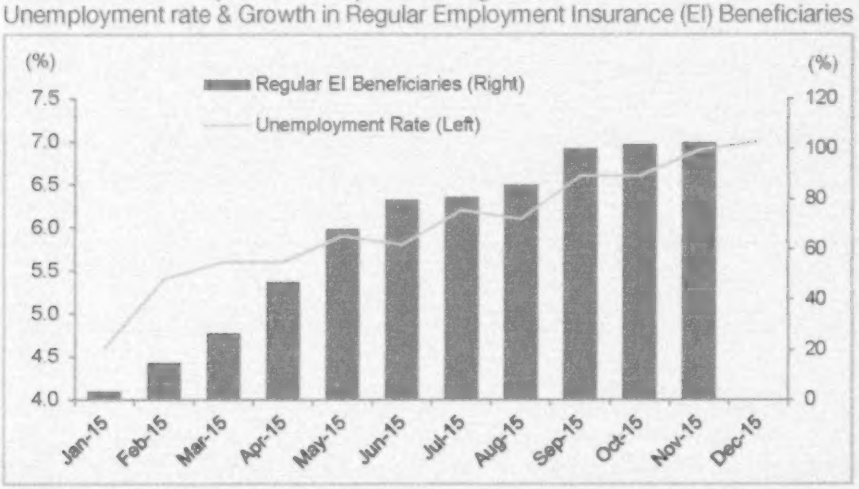
Strong gains at the end of 2014 lifted employment heading into 2015. Job growth steadily declined, however, and by November employment fell below 2014 levels. The weakness in employment was first observed with declines in key employment categories, which eventually overtook gains in other areas. Private sector employment ended the year down 73,300 y/y, while the number of full-time positions declined by 51,100 y/y and goods sector employment fell by 41,300 y/y (Chart 1).

Chart 1: Alberta employment weakened considerably by the end of 2015
Year-over-year change in December 2015 employment levels



Source: Statistics Canada

Chart 2: Alberta lay-offs steadily rise through 2015
Unemployment rate & Growth in Regular Employment Insurance (EI) Beneficiaries



Source: Statistics Canada

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An expanding labour force

Despite the weakness in the labour market, the labour force grew by 63,000 people, propelled by strong net migration and a higher participation rate. Although the average annual participation rate increased by 0.3 percentage points to 73.0% in 2015, it slowed to 72.7% in December.

Unemployment rising

As the labour force expanded and employment declined, the unemployment rate steadily climbed from 4.6% in January to 7.0% by December (Chart 2). Over the same period, the number of unemployed increased by 58,500 to 171,000. The increase in Employment Insurance (EI) claims and the number of regular EI beneficiaries reflected the large number of lay-offs and higher unemployment.

Wages hold up, hours fall

Large declines in wages did not materialized in the Labour Force Survey in 2015. Despite rising unemployment, hourly wages grew on average by 3.4% in 2015, and were up 3.3% y/y in December. Average hours worked consistently fell, however, pushing down earnings.

A shifting labour market

Through 2015, the Alberta labour market lost momentum. Annual employment growth suggests a resilient labour market, but the underlying 2015 trends indicate a weakened labour market.

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